



# FCA's Annual Report on the Farm Credit System's Young, Beginning, and Small Farmer Mission Performance: 2012 Results

**Office of Regulatory Policy**  
**FCA Board Meeting**  
**June 13, 2013**

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# Outline

- **The System's YBS Mission**
- **System's 2012 YBS Numbers**
- **Trends for YBS Farmers**
- **YBS Survey**







# The YBS Mission

- **Farm Credit Act - 1980 Amendments**
  - FCS institutions to have a program for furnishing sound, constructive credit, and related services to YBS farmers and ranchers
  - FCS banks to submit an annual report on YBS activities to FCA
  - FCA to submit an annual YBS report to Congress
- **Regulation – 614.4165 (2004)**
  - Sets minimum YBS program components and reporting and disclosure requirements for direct-lender associations
- **Revised Bookletter-040 (2007)**
  - Provides flexibility on lending opportunities for YBS farmers and ranchers
- **Bookletter-066 (2012)**
  - Provides guidance for meeting the credit and related services needs of farmers who market their agricultural products through local or regional food systems.



# YBS Definitions

## Definitions for FCA Reporting:

- **Young Farmer:** age 35 or younger
- **Beginning Farmer:** 10 years or less farming experience
- **Small Farmer:** gross annual farm sales of \$250,000 or less

## Important Data Clarifications:

- Data are reported separately for each category
- Borrowers may qualify under more than one category; one should not add Y, B, and S data together
- Volumes include advances and commitments
- Counts are for loans, not borrowers





# 2012 YBS Results

## YBS Loans Outstanding

As of December 31, 2012

	Number of loans	Percentage of total number	Dollar volume of loans in millions *	Percentage of total volume
<b>Young farmers/ranchers</b>	<b>170,875</b>	<b>18.1</b>	<b>\$23,110</b>	<b>11.4</b>
<b>Beginning farmers/ranchers</b>	<b>243,354</b>	<b>25.8</b>	<b>\$35,733</b>	<b>17.7</b>
<b>Small farmers/ranchers</b>	<b>477,248</b>	<b>50.6</b>	<b>\$44,123</b>	<b>21.8</b>

## YBS Loans Made During 2012

	Number of loans	Percentage of total number	Dollar volume of loans in millions *	Percentage of total volume
<b>Young farmers/ranchers</b>	<b>56,659</b>	<b>16.5</b>	<b>\$8,840</b>	<b>11.7</b>
<b>Beginning farmers/ranchers</b>	<b>69,304</b>	<b>20.2</b>	<b>\$11,483</b>	<b>15.2</b>
<b>Small farmers/ranchers</b>	<b>143,200</b>	<b>41.7</b>	<b>\$13,197</b>	<b>17.4</b>

\* Totals include loans, advancements, and commitments made to farmers, ranchers, and aquatic producers by the associations, and excludes rural home and Title III loans, and the Leasing Corporation activity.

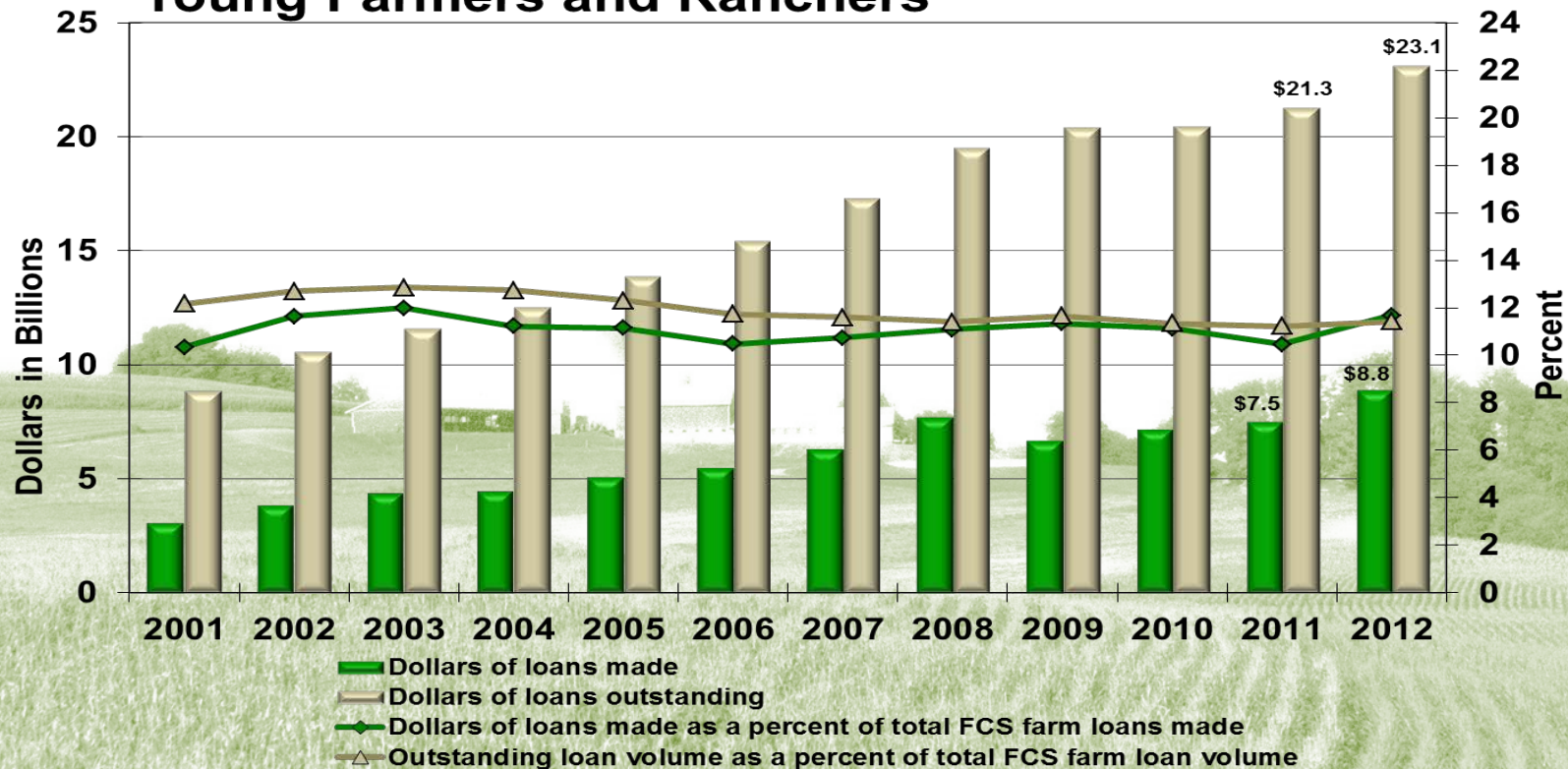
Note: Because the three (young, beginning, and small) categories are not mutually exclusive, one should not add across the categories to count total YBS lending activity.

Sources: Annual Young, Beginning, and Small Farmer Reports submitted by each System lender through the Farm Credit Banks.



# YBS Trends

## Young Farmers and Ranchers



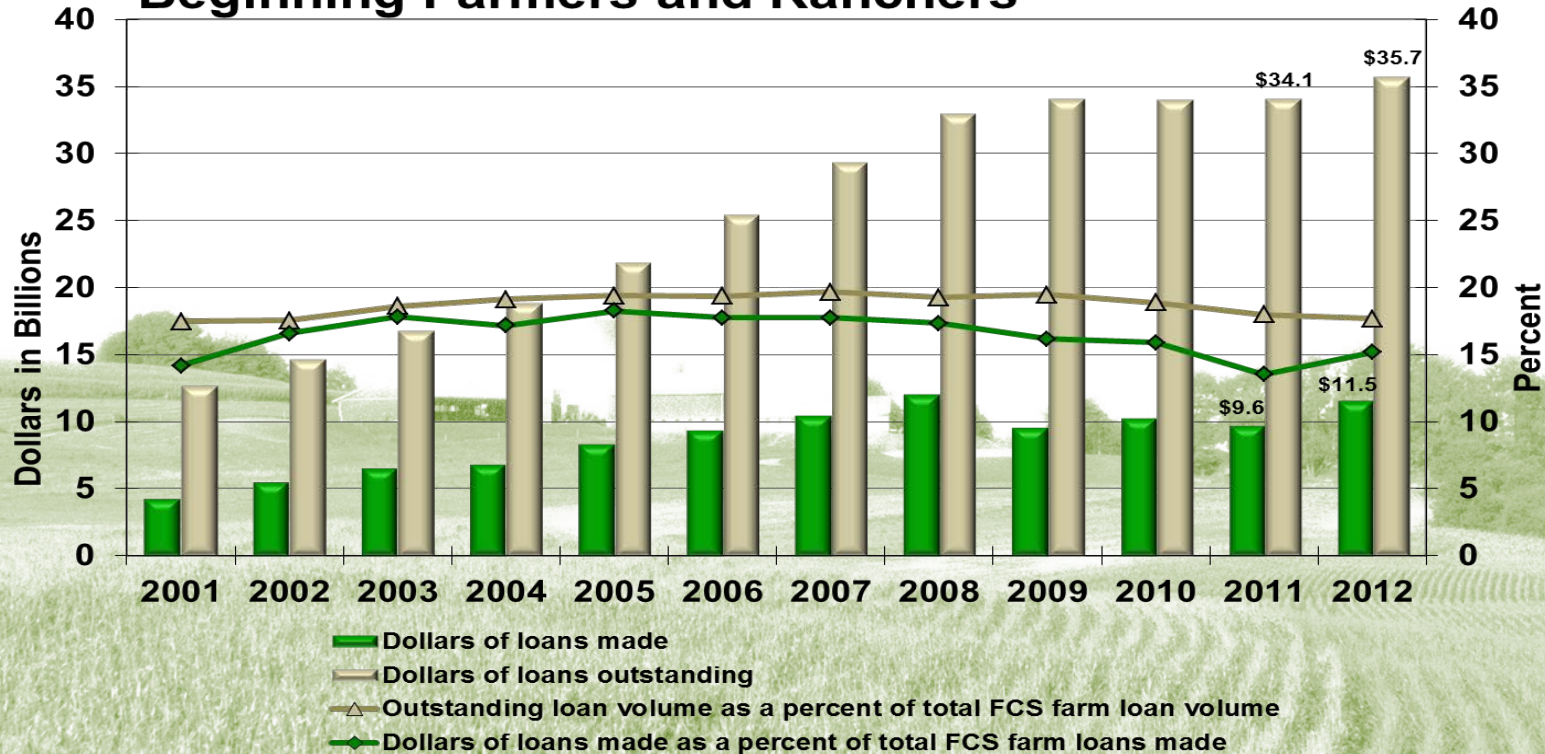
Source: YBS loan data submissions.





# YBS Trends

## Beginning Farmers and Ranchers

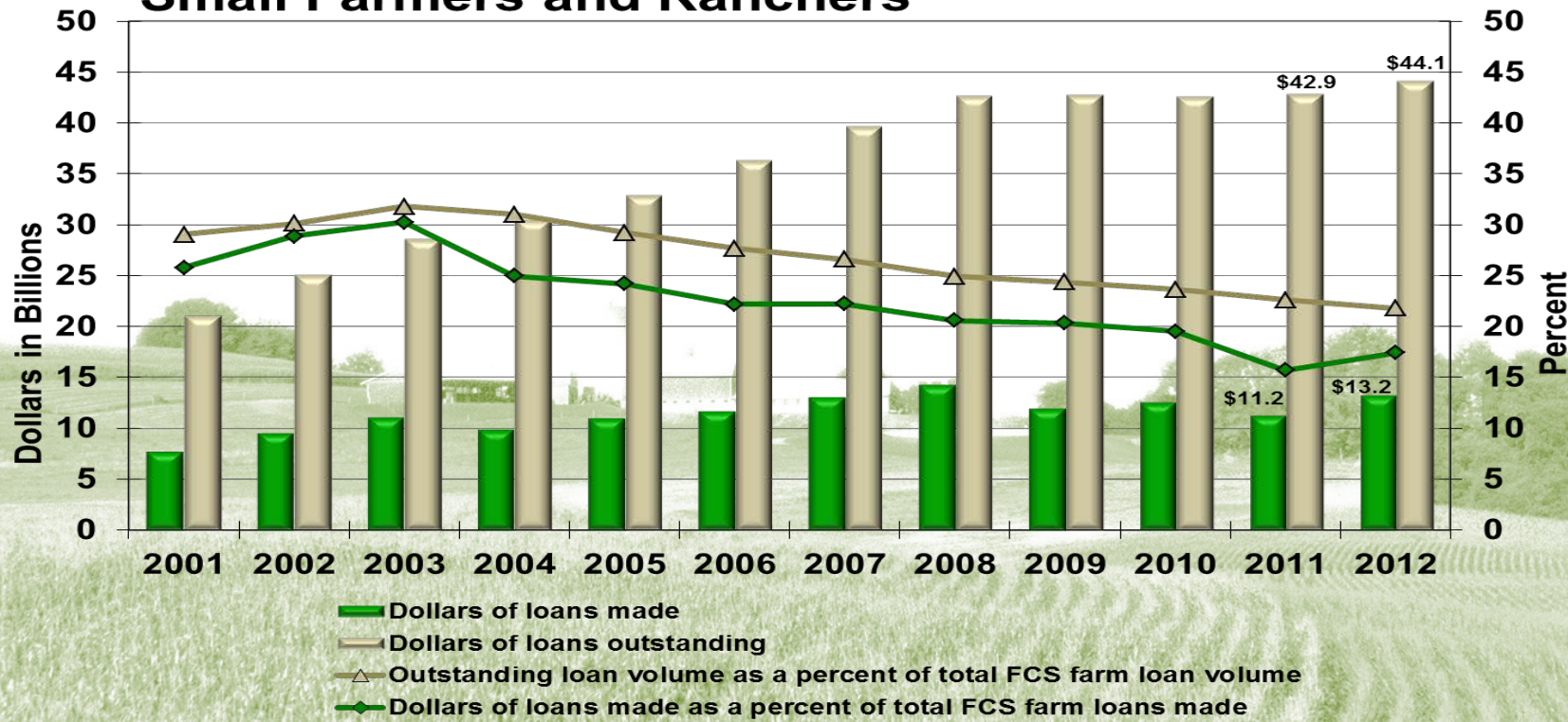


Source: YBS loan data submissions.



# YBS Trends

## Small Farmers and Ranchers

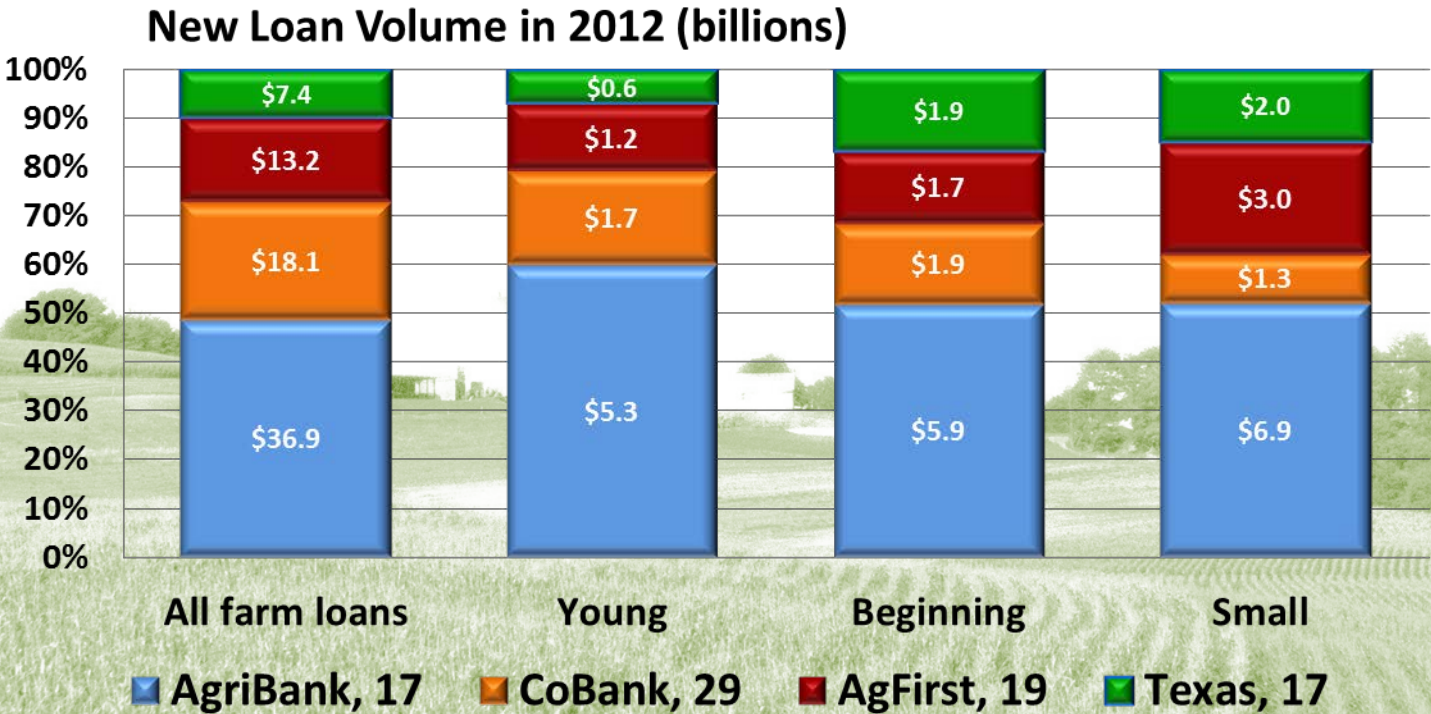


Source: YBS loan data submissions.





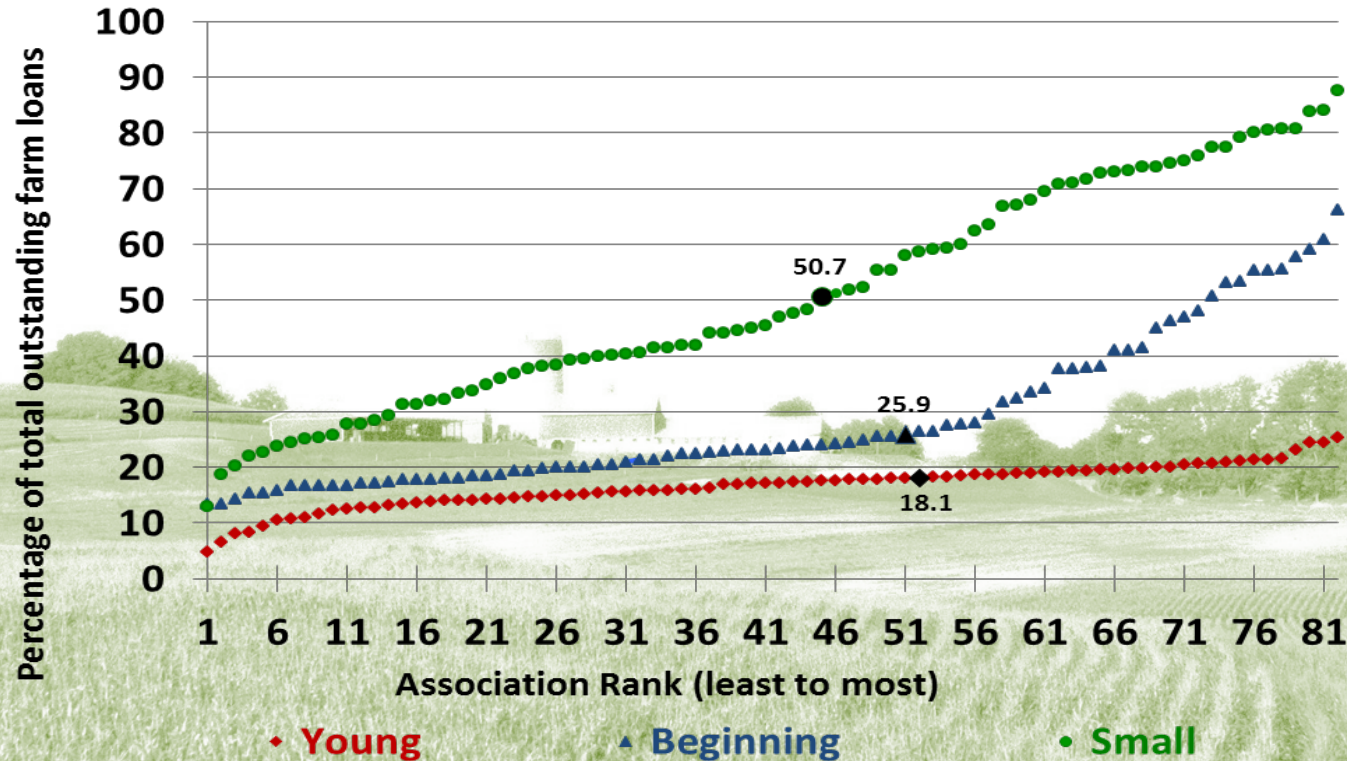
# Share of Total Lending by District



Source: YBS loan data submissions.



# YBS Lending Varies Across Associations







## Conclusions – The Numbers

- **System YBS measures for loan counts and dollar volumes rose in 2012**
- **The share of total new System lending to each YBS category increased in 2012**
- **System wide YBS performance measures depend heavily on relatively few large associations**
- **Association YBS results vary due to individual markets and policies**



# 2012 YBS Survey







# Did Your Association Meet or Exceed Your 2012 YBS Target?

	2012		2011	
	Percent of Associations Meeting YBS Goals			
	Yes	No	Yes	No
Young	65%	35%	55%	45%
Beginning	63%	37%	65%	35%
Small	56%	44%	48%	52%

**Associations noted marketing efforts, educational programs, and increased loan demand as reasons for meeting or exceeding targets.**



## Does Your Association Receive Input on YBS Farmer Issues from an Advisory Committee?

- **40% said Yes.**
- **The composition of the committees relatively unchanged from 2011**
- **Most common participants of the committee were “Current YBS borrowers”.**

Survey Question 6





# More Associations Using YBS Specific Tools to Make YBS Loans

Tools	Number of Associations Using the Tools					
	Young		Beginning		Small	
	2012	2011	2012	2011	2012	2011
Customized Loan Underwriting Standards	49	36	49	36	45	31
Concessionary Loan Fees	27	18	28	18	25	14
Concessionary Interest Rates	39	28	39	32	34	22
Loan Guarantees	34		62		55	



## System Associations Coordinate with Outside Parties or Organizations to Serve YBS Farmers

	2012	2011
<b>Farm Service Agency (FSA)</b>	<b>96.3%</b>	<b>98.8%</b>
<b>State/Local Governments</b>	<b>57.3%</b>	<b>40.5%</b>
<b>Other FCS Associations</b>	<b>51.2%</b>	<b>46.4%</b>
<b>District Farm Credit Bank</b>	<b>43.9%</b>	<b>41.7%</b>
<b>Non-profit Organizations</b>	<b>25.6%</b>	<b>11.9%</b>
<b>Farmer Mac</b>	<b>24.4%</b>	<b>21.4%</b>
<b>Natural Resources Conservation Service (NCRS)</b>	<b>23.2%</b>	<b>21.4%</b>
<b>Small Business Administration (SBA)</b>	<b>20.7%</b>	<b>16.7%</b>
<b>USDA Outreach Staff</b>	<b>18.3%</b>	<b>14.3%</b>
<b>Agricultural Marketing Service (AMS)</b>	<b>1.2%</b>	<b>1.2%</b>





# Methods or Programs to Educate Current or Potential YBS Customers

- **Ag. Leadership Groups**
- **Educational Programs/Seminars**
- **Outreach (4-H, FFA, High Schools, and Colleges)**
- **Joint effort with FSA and county extension agents**
- **Financial software training**



## Methods or Programs to Reach Out to Potential YBS Customers

- **Sponsorship of Agricultural Events**
- **Cooperative efforts with FSA and county extension**
- **Social Media – Facebook, Twitter, etc.**
- **Sponsorship of local farmers' market**
- **Providing scholarships and grants**





# General Conclusions from the YBS Survey

- Results show an increased focus on diversity and inclusion in lending and related services to YBS farmers and ranchers.
- Most Associations Met or Exceeded their lending goals for YBS farmers in 2012.
- While most associations use the FSA guarantee program to make loans to YBS farmers; the percent of these loans is not high.
- Majority of associations rely on their general loan underwriting programs when assessing credit risk in YBS farmers; more considering YBS-specific standards in 2013.
- All Associations noted new or revised programs in 2012 to identify and reach-out to potential YBS farmers and are actively training and educating current and potential YBS farmers.